BRITISH COLUMBIA
The Best Place on Earth

BC Stats

Infoline

Contact: bcstats.infoline@gov.bc.ca Issue: 07-45 November 9th, 2007

- **BC's economy expands 3.3% in 2006 as domestic demand continues to fuel growth**
- **Exports down 5.8% in September**
- **Housing starts remain volatile, falling 6.8% in October**

The Economy

- **British Columbia's economy expanded 3.3% during 2006, more than in any other province except Alberta, where a booming energy sector helped fuel a 6.6% increase in real GDP.** BC and Alberta, together with Newfoundland (+3.3%), Manitoba (+3.2%) and New Brunswick (+3.0%) outpaced the national economy, which posted a 2.8% gain during 2006.

  British Columbia's economic growth continues to be driven by domestic demand for goods and services (+6.2%). Both business (+10.0%) and government (+7.7%) investment remained robust, even though growth in residential investment (+7.4%) fell short of the double-digit gains posted earlier in the decade. Consumer spending (+5.5%), especially on durable goods (+8.9%), was robust.

  BC exports advanced 2.5% despite slower growth (+1.1%) in sales to foreign countries. Exports of goods and services to other provinces were up significantly (+5.0%) in 2006. Import growth (+8.1%) was even stronger, reflecting the extent to which the province relies on goods and services produced in the rest of Canada (+3.7%) or other countries (+11.8%) to supply domestic demand.

  This data includes revisions to the estimates for the period from 2003 to 2006, as well as a rebasing of the real GDP figures to 2002 prices. Previously-published data was reported using 1997 prices. *Data Source: Statistics Canada*

- **Real after-tax personal income in the province increased to $23,996 (2002 dollars), but this was still below the national average ($24,247), and significantly lower than in the territories, Alberta ($30,483) and Ontario ($24,948).**

  Although the province's saving rate improved slightly, British Columbians continued to spend more than they received in 2006. The saving rate (the ratio of savings to after-tax personal income) was -4.7%, slightly better than in 2005 (-5.6%). PEI (-5.2%), Saskatchewan (-3.9%) and Nova Scotia (-2.6%) were the only other provinces with negative saving rates. The national rate rose to 2.3% in 2006. *Data Source: Statistics Canada*

- **On the industry side, goods producing industries expanded 3.1% during 2006, while the service sector posted a 3.8% gain.** GDP at basic prices was up 3.6% overall. *Data Source: Statistics Canada*

- **Exports of BC products declined for the second consecutive month (-2.4% *seasonally adjusted*) in September.** The value of forest product exports plunged (-14.2%), offsetting increases in energy (+6.2%), machinery, equipment & automotive (+2.3%), agriculture & fish (+7.3%) and industrial & consumer (+5.9%) products. Exports to the US (+2.6%) as well as other destinations (-2.7%) fell. Canadian exports slipped (-2.3%) in September, reflecting lower shipments of machinery & equipment (-7.2%) and industrial (-3.6%) products.
  Data Source: Statistics Canada & BC Stats

- **The value of building permits issued by BC municipalities fell 19.2% (*seasonally adjusted*) in September.** The decline reflects a significant drop in non-residential building projects (-38.7%) coupled with a 9.8% decline in residential permits. Among census metropolitan areas in BC, Victoria (+32.4%) and Kelowna (+10.4%) showed growth, while building intentions in both Abbotsford (-14.8%) and Vancouver (-31.3%) were substantially lower than in August. Canadian permits were down 1.7%.
  Data Source: Statistics Canada

Report Prince Rupert Container Port Open for Business

Did you know...
Just over a third (37%) of Canadians know that Remembrance Day (November 11th) marks the last date of WWI *Source: Ipsos Canada*

- **Year-to-date, the value of building permits issued in the province was 14.5% higher than in the first nine months of 2006.** Investment intentions were fairly robust in most regions, with Nechako (+32.6%), Cariboo (+32.3%) and Thompson/Okanagan (+20.2%) posting the biggest gains. Stable, but less substantial increases ranged from 4.8% in North Coast to 19.7% in Kootenay. The only region where permits were down was Northeast (-12.1%), where intentions for commercial building projects slid 71.9%. *Data Source: Statistics Canada & BC Stats*

Housing

- **Housing starts in the province showed continued volatility in October, slipping 6.8% (*seasonally adjusted*), following a 14.0% increase the previous month.** Nationally, starts fell 22.0%, pulled down by slowed building activity in seven provinces. *Data Source: Statistics Canada*

- **The cost of new housing in BC's two biggest metropolitan areas was up again in September.** New house prices in Victoria (+0.2%) were just slightly higher than in September of last year, as increased land values (+12.7%) managed to offset lower building costs (-7.1%). Vancouver's New Housing Price Index was up 6.1%, with inflationary pressure coming from both housing (+7.1%) and land (+4.2%) prices.

  Nationally, the cost of new housing advanced 6.2% during the twelve-month period ending in September as costs rose in every metropolitan area except Windsor (-3.2%). Saskatoon (+47.0%) posted the largest increase, more than seven times the Canadian average. After Saskatoon, the most inflationary new housing markets were in Regina (+29.6%) and Edmonton (+26.6%). *Data Source: Statistics Canada*

Third Quarter in Review

- **Exports of BC products slipped 6.9% (*seasonally adjusted*) during the third quarter, after inching down 0.5% earlier in the year.** The downturn in exports was due to lower shipments to both the US (-4.6%) and other destinations (-10.2%) over second quarter levels. Machinery, equipment and automotive products (+1.0%) was the only major commodity group to see an increase over the second quarter. *Data Source: Statistics Canada & BC Stats*

Investment Income

- **The number of people in BC reporting investment income climbed 6.6% in 2006 as the amount of income invested soared (21.2% to $6.6 billion).** Forty percent of tax filers in BC reported investment income, the highest ratio in the country. Alberta, Saskatchewan, Manitoba and Ontario were all at 37%. Nationally, 35% of tax filers had investment income and the number of those investors increased (+5.4%) with income jumping 16.3%. Every province recorded a rise in both the number and investment earnings of people with investment income.
  Data Source: Statistics Canada

RRSP contributions

- **The number of people in British Columbia contributing to RRSPs climbed 2.2% in 2006, while the amount contributed also increased (+8.0%).** British Columbia had one of the highest median contributions ($3,000) among the provinces, second only to Alberta ($3,010). However, the median in each of the three northern territories exceeded that of BC. The only other province to exceed the national median of $2,730 was Ontario ($2,860). Nunavut ($4,350) had by far the largest median RRSP contribution last year. *Data Source: Statistics Canada*

Sound Recording

- **Despite a worldwide decline in record sales in recent years, the Canadian sound recording industry performed relatively well financially in 2005, bringing in over $942 million in revenue.** 2005 proved a good year for Canadian artists, whose sales jumped 3.3% from 2003, to $123 million. Canadian artists also released more music (+8.8% to 521 releases). Sound recording studios posted revenues of $74 million in 2005, and boasted a 12.2% operating profit. Most (37%) of operating revenues came from studios in Ontario, followed by those in Quebec (31%) and BC (23%). BC was the only province where firms generated over half (56%) of their operating profits from providing studio services for the music industry. *Data Source: Statistics Canada*

***Infoline** Issue: 07-45*
November 9th, 2007

For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.

Infoline Report

Contact: Dan Schrier
(250) 387-0376
Originally published in
Exports Issue 07-08

Prince Rupert Container Port Open for Business

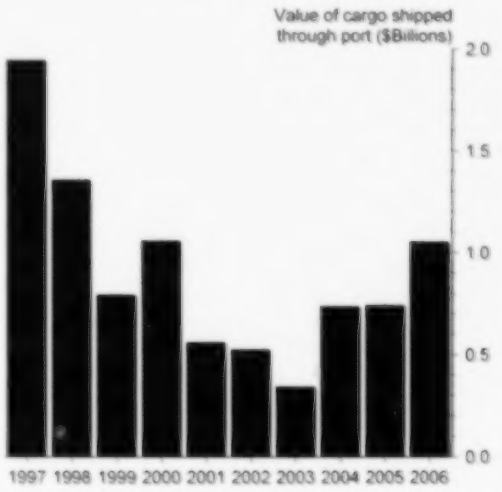
The surge of imports from China has strained the resources of ports along the Pacific Coast, such that the opening of a new container port in Prince Rupert couldn't come at a better time. The new facility was officially opened on September 12th and the first containers should be moving through the port sometime in late October.

The new container port should help boost a local economy that has seen some lean times over the last decade. The closures of the city's pulp mill, the northeast coal mines and fish packing plants in the region all had a major impact on both the City of Prince Rupert and its port. In recent years, there has been a bit of a resurgence in activity at the port. After bottoming out in 2003, with only $339.3 million worth of goods moved through the port (compared to over $1.9 billion in 1997), strong growth in shipments of coal and grain helped boost the value of goods shipped through the Port of Prince Rupert up over $1 billion in 2006.

The port should see an even larger increase in activity once the container facility is running at full capacity. The new container port can handle 500,000 TEUs annually and there are plans to expand capacity over the next decade.[1] The next phase of the project will increase the container port's capacity to two million TEUs by 2011. There are plans to further double the capacity to four million TEUs by 2015, which is almost twice that of the Port of Vancouver's current capacity. However, the Port of Vancouver is also looking to expand and has already added a significant amount of container capacity in just the last few years. The plan is to double capacity at the port by 2020 to almost five million TEUs.

Vancouver was ranked fourth in terms of container traffic on the Pacific Coast of North America in 2006, behind only Los Angeles, Long Beach and Oakland and should surpass Oakland in the next couple of years as expansion projects are completed. Prince Rupert should crack the top ten with its new container terminal, but even so, there are some that think the pace of expansion for both the Vancouver and Prince Rupert ports is too slow. Container traffic is expected to continue to grow and the Canadian ports are in a strong position to take advantage of that increase due to their relative proximity to Asia; however, if expansion of the ports proceeds too slowly, they may lose market share to competing ports.

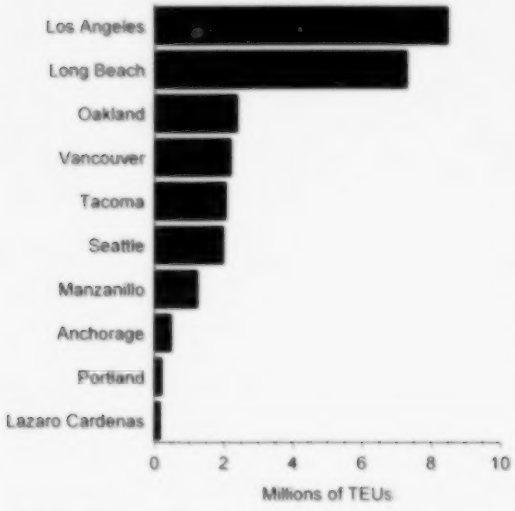
The Port of Prince Rupert is on the rebound after years of decline



Source: Statistics Canada

1 A TEU is a twenty-foot equivalent unit, which is the standard measure of container traffic based on the length of a container (e.g., a 40-foot container would be two TEUs).

Vancouver ranked 4th in terms of container traffic on the Pacific Coast of North America in 2006



Sources: American Association of Port Authorities, Secretaria de Comunicaciones y Transportes

Several US ports are already considering expansion and the US government has proposed legislation that would offer tax credits of 25% for capital expenditures related to rail infrastructure, which could give American ports and railways a significant competitive advantage compared to their Canadian counterparts.

The ports of Los Angeles and Long Beach are both hoping to move forward with expansion projects that have been delayed for several years due to environmental concerns. The projects include upgraded container facilities, which would add capacity to what are already by far the largest container handling facilities on the west coast of North America.

This is of particular concern to Prince Rupert, as Los Angeles and Long Beach constitute its main competition. The conventional wisdom is that major ports need to be centred around a large metropolitan area that can consume a substantial portion of the products being imported. However, for the Port of Prince Rupert, rather than the local market, the target customer is the American Midwest from the Canadian border to as far south as New Orleans. The port already has the necessary infrastructure in place as there is an established rail system from Prince Rupert to the midwest, which is currently underutilized and could handle a surge in traffic without difficulty. Currently, Los Angeles and Long Beach are the main conduit for containers headed for the midwest, so if their expansion efforts outpace those of the Port of Prince Rupert, the Canadian port could lose out on the opportunity to absorb any available excess capacity.

Prince Rupert does have an advantage over the California ports in terms of trade with Asia in that it is significantly closer to Asian ports. Even with the rail travel taken into account, Prince Rupert is still the faster route, particularly considering the bottlenecks that are occurring due to current capacity constraints at other west coast ports.

While the port has mainly been advertised as an alternative route for imported goods, exporters are also seeing some opportunities. Whether it is fish processors in Alaska looking to ship their product more quickly to the American Midwest or manufacturers in Wisconsin wanting to tap markets in Asia, the new facility in Prince Rupert is seen as having vast potential. The enthusiasm for the port is not restricted to American exporters as facilities have been built, or are being planned, that will be able to fill containers with Canadian product that can be shipped to Asian markets. Specialty grain facilities have already been built in Edmonton and there are plans to construct a facility in Prince George that would fill containers with forest products. The forest industry in Northern BC is hoping to find new markets for its surfeit of pine beetle-killed wood, but the new container facility could create markets for other manufactured goods from that

region of the province as well, generating new economic activity for a portion of the province that has not necessarily shared in BC's recent prosperity.

While the Port of Prince Rupert will compete directly with several American ports, it will likely not be a rival for Vancouver's business. Since activity at the Port of Vancouver is mainly concentrated on goods destined for the Canadian market, the new container facility in Prince Rupert should compliment Vancouver, rather than compete with it.

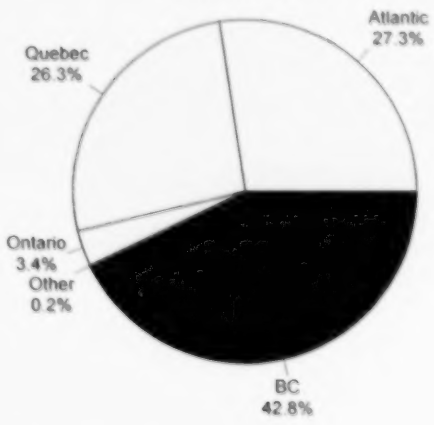
The additional capacity provided by the new container port is an asset not only to BC, but also to the country as a whole as BC ports are the route for a significant amount of marine traffic for goods. In 2006, almost 43% of Canadian exports that were transported over water exited the country through British Columbia ports; however, only 17% of imported goods shipped over water entered Canada through British Columbia.

One of the reasons for the smaller share of imports is that a large percentage of waterborne imports originates in Europe and very few of those goods are shipped through BC. However, the proportion of goods shipped from Asia to Canada that moves through BC is substantially higher (30% of goods shipped over water from China, over half of goods from Japan and South Korea), which indicates that as imports from Asia continue to rise, so too will the share of imports entering Canada through British Columbia. The additional container capacity may also result in a redirection of goods that were being shipped through the Panama Canal to east coast ports due to congestion and delays at ports on the west coast, further boosting BC's share.

The new container port offers many possibilities for Northern BC and could be the beginning of a significant economic expansion for the region. However, there is a danger that British Columbia could miss out on fur-

A substantial portion of Canadian exports transported over water leave the country via British Columbia ports...

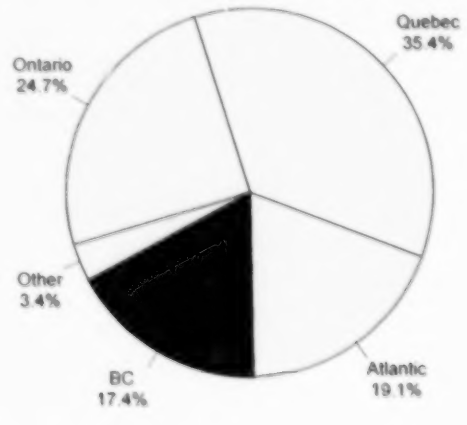
Exports transported over water, 2006
Province of exit



Source: Statistics Canada

...however, goods imported into the country by water transport are far less likely to enter through British Columbia ports

Imports transported over water, 2006
Province of entry



Source: Statistics Canada

ther opportunities if roadblocks to port expansion are not removed. The competition for port business is steep and port expansion activity in California, Mexico and elsewhere could leave BC outside looking in if it moves too slow. There has to be a concerted effort to remove regulatory hurdles, satisfy aboriginal concerns and find solutions to environmental problems to ensure that BC can take full advantage of the opportunities created by the strong economic growth in Asia.

Infoline

November 9, 2007
Issue 07-45

Email transmission information service from BC Stats

also on the Internet at www.bcstats.gov.bc.ca

BC at a glance . . .

POPULATION (thousands)	Jul 1/07	% change on one year ago
BC	4,380.3	1.4
Canada	32,976.0	1.0
GDP and INCOME (Revised Nov 8)		
(BC - at market prices)	2006	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	180,328	6.4
GDP *($ 2002 millions)*	158,335	3.3
GDP *($ 2002 per Capita)*	36,649	1.9
Personal Disposable Income *($ 1997 per Capita)*	23,996	5.0
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Aug	3,636	0.9
Merchandise Exports - Aug	2,480	-5.8
Retail Sales - Aug	4,727	-0.1
CONSUMER PRICE INDEX	% change on one year ago	12-month avg % change
(all items - Sep 2007)		
BC	1.9	1.8
Vancouver	2.1	2.2
Victoria	1.2	1.2
Canada	2.5	1.9
LABOUR FORCE (thousands)	Oct '07	% change on prev. month
(seasonally adjusted)		
Labour Force - BC	2,376	0.3
Employed - BC	2,273	0.3
Unemployed - BC	104	1.0
		Sep '07
Unemployment Rate - BC *(percent)*	4.4	4.3
Unemployment Rate - Canada *(percent)*	5.8	5.9
INTEREST RATES (percent)	Nov 7/07	Nov 8/06
Prime Business Rate	6.25	6.00
Conventional Mortgages - 1 year	7.25	6.40
- 5 year	7.44	6.60
US-CANADA EXCHANGE RATE	Nov 7/07	Nov 8/06
(avg. noon spot rate) Cdn $ per US $	0.9170	1.1298
(closing rate) US $ per Cdn $	1.0775	0.8851
AVERAGE WEEKLY WAGE RATE	Oct '07	% change on one year ago
(industrial aggregate - dollars)		
BC	748.87	2.2
Canada	763.91	4.1

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

2006 Census Profiles

New! Census tract (neighbourhood) profiles

We have launched our new series of profiles. Our lookup screens are still under construction but we have provided access through a name list. Census tract profiles will be offered soon. We have also improved the access to the 2001 Census Profiles.

www.bcstats.gov.bc.ca/data/cen06/profiles/detailed/choose.asp

Small Business Profile

A joint product of BC Stats, the Ministry of Small Business and Revenue, Small Business BC and Western Economic Diversification Canada, this annual publication provides a profile of BC's small businesses, including number of businesses, employment and GDP.

www.bcstats.gov.bc.ca/data/bus_stat/busind/sm_bus.asp#sbp

BC High Technology Profile

The 2007 Edition of the high technology profile looks at the sector in BC through an examination of key indicators such as GDP, revenue, employment, wages and salaries, establishment counts and international trade. It also offers comparisons with other provinces and US states to give a picture of the relative size of BC's industry.

www.bcstats.gov.bc.ca/data/bus_stat/busind/hi_tech.asp

Released this week by BC Stats

- No subscription releases

Next week

- No subscription releases

BC Stats, Ministry of Labour and Citizens' Services, Box 9410 Stn Prov Govt, Victoria, B.C. V8W 9V1
Tel: (250) 387-0327 Fax: (250) 387-0329 Web: www.bcstats.gov.bc.ca E-mail: BC.Stats@gov.bc.ca